

**APPROVED MINUTES\***  
**ONIZUKA LOCAL REDEVELOPMENT AUTHORITY MEETING**  
**TUESDAY, DECEMBER 2, 2008**  
(held immediately following the Council Meeting)

**ROLL CALL**

**PRESENT:**

Authority Chair Ron Swegles  
Authority Vice Chair John Howe  
Agency Member Anthony Spitaleri  
Authority Member Otto Lee  
Authority Member Melinda Hamilton  
Authority Member Christopher Moylan  
Authority Member David Whittum

**ABSENT:**

None

**STAFF PRESENT:**

Assistant City Manager Robert Walker  
Authority Counsel David Kahn  
Authority Secretary/Director of Community Development Hanson  
Hom  
Assistant to the City Manager Coryn Campbell  
Onizuka (BRAC) Project Manager Robert Switzer  
Authority Clerk Gail Borkowski

**CONSENT CALENDAR**

Authority Vice Chair Howe moved and Authority Member Hamilton seconded to approve the Consent Calendar.

VOTE: 7-0

LRA 1.A.                      Approval of Draft Minutes of Regular Meeting of October 14, 2008

**STAFF RESPONSES TO PRIOR PUBLIC COMMENTS**

None

**PUBLIC COMMENTS**

None

**PUBLIC HEARINGS/GENERAL BUSINESS**

2. LRA 08-005 Recommended Reuse of Onizuka Air Force Station: Onizuka Redevelopment Plan, Homeless Assistance Submission, and Approval to Apply for Department of Defense (DOD) Funding

Onizuka (BRAC) Project Manager Robert Switzer presented the staff report.

Authority Member Whittum questioned land use aspects of locating an auto mall next to two light-rail stations. Authority Member Whittum inquired as to the Planning Commission's recommendation. Project Manager Switzer responded the Planning Commission heard the report and made no comment.

Authority Member Whittum inquired whether the Planning Commission heard the staff recommendation or whether they heard only the Citizen Advisory Committee (CAC) recommendation. He stated the CAC forwarded three options and the staff recommendation narrowed it to the auto mall. Project Manager Switzer stated he believed the Planning Commission had heard the three recommendations of the CAC.

Authority Member Whittum stated that it seemed odd to put an auto mall next to light-rail and questioned whether in the economic analysis, there were examples of auto malls being sited next to light-rails and whether that was working well for them. Project Manager Switzer replied it was never a factor. Consultant Ron Golem with Bay Area Economics (BAE) responded the auto mall next to light-rail aspect had not been considered.

Authority Member Whittum asked if residential development was not considered at the Onizuka site because of nearby hazardous materials. Project Manager Switzer responded residential is not a preferable use for the site due to the effect of residential development on adjacent uses.

Authority Member Whittum asked if the City could revert to a competitive sale at a later date if the City wasn't happy with the way this conveyance was working. Project Manager Switzer responded if that were to happen, the Air Force would be notified and a negotiated arrangement would follow.

Authority Member Whittum asked if the City had shown the Department of Veterans Affairs (VA), other possible sites, and whether the Armory on Maude Avenue was a possibility for housing. Project Manager Switzer responded it is a little premature to show the VA other sites. Switzer stated the Armory is still under lease; and to his knowledge doesn't have any plans to vacate.

Authority Member Whittum inquired as to why other retail had been ruled out. Project Manager Switzer stated it was a planning issue and deferred to Community Development Director Hanson Hom.

Director Hom explained that a variety of land uses were discussed. Director Hom cited a previous major shopping center in North Sunnyvale which had struggled and that a 19 acre shopping center at Onizuka would be difficult to market. Project Manager Switzer added that retail had not been explored further because they were not among the re-use options recommended by the CAC.

Authority Member Whittum stated most of Innovation Way is a private street, and inquired as to how people will access the auto mall. Director Hom stated the access issue will need to be researched and discussed with the adjacent property owner on shared access.

Authority Member Hamilton requested clarification regarding the process for having discussions with the VA since the VA has a claim on the building and the land.

Project Manager Switzer stated that there is a timing issue before the Department of Veteran's Affairs can get into the facility. The VA is proceeding with the pre-development planning of this facility and arranging to occupy the facility, having rehabilitated it. Once the plan is adopted it will become clear to all parties what the City's preference is. That preference does not include the current configuration of the property for the VA. There are several responses: a reconfiguration of the property; or, for Congress to provide the resources for the VA to comprehensively meet its needs. The third option comes out of the development of the business plan, to begin to identify what resources can be made available from the proceeds of the property and whether those proceeds will be enough to acquire the required amount of space. Switzer stated that they may adequate to provide incentive for the Department of Veterans Affairs to agree to allow the proceeds from the property to augment the cost to lease somewhere else on a temporary basis. The City would need to put cost estimates next to all of these options.

Vice Mayor Hamilton verified with Project Manager Switzer the process and timelines involved. Within 60 days after submission of the plan, per BRAC regulations, Housing and Urban Development (HUD) should make a determination of the housing submission plan; within a year, the Department of the Air Force is required by law to issue a Record of Decision on Sunnyvale's application.

Authority Chair Swegles inquired as to previous discussion the question of the auto dealers possibly using the "Blue Cube" as a storage or parking facility. The consultant from Bay Area Economics responded the "Blue Cube" would need seismic and building code upgrades for that type of use; and stated it would cost millions of dollars to retrofit the site.

Authority Chair Swegles verified with Authority Clerk Borkowski the receipt of written communications from the auto dealers and citizens for the record.

Authority Vice Chair Howe stated he wished to make it clear that, as part of the Local Redevelopment Authority (LRA), and the executive committee of the LRA, and as part of the CAC, nothing had ever been said that the Veteran's Administration (VA) was not wanted in the community. Authority Vice Chair Howe emphasized that the VA is welcome in the community; it's just that the Onizuka site might not be the right spot for them.

Public hearing opened at 8:29 p.m.

Jack Roberts, former employee of Onizuka's satellite test center, stated he wanted Council to realize the importance of the work done at Onizuka and what the facility meant to our country. Roberts stated he hoped that some part of the facility could be retained as a museum.

Councilmember Moylan encouraged the inclusion of this with an on-going study issue on historical sites and museums.

Authority Member Hamilton questioned if the Air Force had something in mind regarding a museum or historical site. Project Manager Switzer stated if something were to be done, it would have to be done by the City of Sunnyvale.

Jeanine Stanek, Chair of the Heritage Preservation Commission, stated, at the August 26, 2008 meeting the Heritage Preservation Commission unanimously recommended the Local Redevelopment Authority (LRA) consider the Onizuka site as a Local Heritage Resource under City Municipal Code 19.96.050. She stated it may have state and national significance as information is declassified in time.

Authority Member Whittum read from the Base Redevelopment and Realignment manual stating that Cold War assets less than 50 years in age must be evaluated for eligibility for inclusion in the National Register of Historic Places. Authority Member Whittum asked whether Onizuka had been evaluated for inclusion in the National Register and whether the State Historic Preservation Officer had made a finding. The consultant from Bay Area Economics replied that the Air Force prepared a study and found that the property is not eligible for inclusion in the National Register.

Robert Schweisow stated Onizuka meant a lot to many people and requested the Onizuka site be used as a Sunnyvale Bay Area Veterans Park or Care Center. Schweisow stated he would like to remember the service people and those that are still fighting for our country.

John Lucas, Juniper Networks Director of Global Real Estate, informed Council as earlier pointed out, Innovation Drive is a private street, ninety percent of which is owned by Juniper Networks; and any public use access must be resolved with Juniper as well. Lucas informed Council of a potential five to seven million dollar fiscal impact and that this an issue not included in the staff report. Lucas stated as a neighbor to the Onizuka site, an auto mall is not attractive to Juniper; as a high tech company in a business park with other high tech companies. He recommended development as a business park with mitigation of the traffic issues.

Kerry Haywood, Executive Director of the Moffett Park Business and Transportation Association, expressed concerns of the membership that the land use for an auto mall is inconsistent with the surrounding zoning defined in the Moffett Park Specific Plan. Her members believed an auto mall doesn't reflect a gateway to a business community. Haywood pointed out in the report the consultant provided to the CAC, concern was noted that auto dealers may not be able to get fair market value for their property and the City might have to provide some financial means to help acquire it. Haywood stated transportation and traffic mitigation should be required for the extreme traffic congestion at the Mathilda Avenue, Interstate 101, and Highway 237 intersections.

Ed McMahon, long-time resident, provided information regarding the historical significance of the Onizuka facility.

Kathy Robinson with Charities Housing, one of the two non-profits that submitted a proposal to build homeless housing and services in Sunnyvale, thanked the City and staff for all their time involved in bringing forth the Homeless Housing Plan.

Mark Balestra, owner of Pearson Buick/Pontiac/GMC and President of the Sunnyvale Dealer's Association, stated investment in a new auto center creates the best opportunity to ensure growth potential for auto businesses in Sunnyvale. Balestra stated selling and servicing automobiles benefits the community and is one of the largest sources of sales tax revenue for the City. Authority Member Moylan discussed with Mr. Balestra the economics of three additional auto dealerships at Onizuka competing against the eight current auto dealerships on El Camino Real.

Authority Member Whittum stated he had read a report in the San Jose Business Journal that listed the 25 largest auto dealerships in Silicon Valley showing their most recent sales. The top five auto dealers were all on El Camino Real and four were in Sunnyvale. Authority Member Whittum questioned the reasoning for leaving El Camino Real when it seems El Camino is a superior location. Balestra suggested that Sunnyvale is centrally located in Silicon Valley and perhaps that is the reason for their success. Balestra stated the way the market will evolve is toward centralized convenient locations with easy freeway access where consumers can shop a number of products in one place and Onizuka could fit that criteria.

Alok Lathi, a Project Manager at Mid Peninsula Housing Coalition, the second of the two non-profits that submitted a Notice of Interest on Onizuka, spoke in strong support of the legally binding agreement that Council will be reviewing next week.

Arthur Schwartz suggested Sunnyvale would not want an auto mall to be the symbol of the City; especially, at one of the city's most traffic congested intersections. Schwartz expressed concerns about the potential loss of Veteran's facilities and stated that Onizuka would be a great place for a museum.

Thom Bryant with Netapp and former member of the Citizen Advisory Committee (CAC), stated a large number of the CAC were former Onizuka employees. The CAC understood the historical significance of the site but also understood the congressional constraints in dealing with base closure regulations. Bryant explained that the CAC had looked at alternative uses for the site and eight years ago the City embarked upon an extensive planning exercise; resulting from that was the Moffett Park Specific Plan. He stated housing was considered and rejected by Council. He stated state regulations would prohibit a child care facility there because of the proximity to toxins. Bryant stated he would favor the use as additional high-tech office space.

Janette Sammartino, representative from Jay Paul Company, expressed concerns that whatever is decided for Onizuka, it be consistent and compatible with the high quality development and investment that they've put into the community. She stated they own approximately 2.5 million square feet of first class commercial office space in the immediate Moffett Park area and wanted to ensure that whatever goes into the Onizuka site does not detract from the uses and investments they have made.

Cindy Cotton, former elected CAC member and 17 year Onizuka employee, stated Council has an opportunity to preserve this historical base and recommended preserving it and giving veterans an opportunity for their legacy. Cotton stated she did not agree with any of the recommendations that the CAC came up with and reiterated that the City should save this historical piece of property.

Authority Chair Swegles stated that if the City does not have plans for Onizuka use, then the Air Force would put the base up for public auction, and it doesn't automatically go to the City.

Public hearing closed at 9:27 p.m.

Councilmember Moylan verified with Project Manager Switzer whether the three actions can be done independently or as one piece. Project Manager Switzer explained there are some legal and regulatory issues involved but the primary concern being the contractual obligation deadlines to the DOD.

Assistant City Manager Robert Walker added that one of the issues is timing. The LRA can choose to prolong this and request another extension from the DOD, which the City has done twice previously. He stated the City has been advised by outside legal counsel specific to the BRAC process, of the inadvisability of asking for another extension.. Assistant City Manager Walker stated the other issue is dollars and cents; the City is very unlikely to receive another grant from the DOD, and that would be required to further pursue various preferred options. Assistant City Manager Walker stated that the date the report needs to be submitted is December 15, 2008, which is predicated on Council's action on December 9; therefore staff must turn that plan around and into the LRA's hands by December 4. If Council chooses to take an option that is not the staff recommended option, staff would have a very limited time to put that plan together.

MOTION: Authority Vice Chair Howe moved and Authority Member Spitaleri seconded to approve staff recommendation:

- Direct staff to return to Council on December 9 for adoption and submittal to the Department of the Air Force (AF) and the Department of Housing and Urban Development (HUD), an Onizuka AFS redevelopment plan including:
  - A. A Preferred Land Use:
    - 1. Auto Center (Attachment A)
  - B. A Conveyance Recommendation:
    - 1. Economic Development Conveyance of the Onizuka property to the LRA by the AF (Attachment A). Direct staff to prepare a grant request to OEA for funding to develop a business plan and related activities as required to prepare for an Economic Development Conveyance of Onizuka AFS to the LRA
- Direct staff to return to Council on December 9 for adoption and authorization to submit to AF and HUD, a Homeless Assistance Submission (Attachment B) with the legally binding agreement to accommodate the homeless.

Authority Vice Chair Howe elaborated this process has been on-going for over two years with Council having public hearings involving the CAC. He stated people had the opportunity to speak and voice their opinions at that time and did not do so. Authority Vice Chair Howe asked staff what was the cost of the CAC and this exploration program and how much grant monies were provided by the DOD.

Project Manager Switzer responded the analysis costs of the various re-use options was probably around \$300,000. Project Manager Switzer stated this has been a costly process but the DOD would recognize that this LRA has provided and secured more detailed information and professional expertise than any other LRA has received in preparation for the submission of a plan.

Authority Member Whittum stated he would oppose the motion as there was a lot of opposition expressed to the auto mall. Authority Member Whittum read from a letter submitted by Lucas of Juniper Networks which suggested that the citizens weren't properly informed with regard to the redevelopment study; and the way the City solicited input from the community and surrounding neighbors for recommendations had not taken place in the manner it should have. Authority Member Whittum stated he was unaware of the potential five million dollar access cost of Innovation Way.

Authority Member Whittum stated the Onizuka recommendations are an inappropriate land use next to two light rail stations and stated that other uses need to be considered. Authority Member Whittum added the preservation of the "Cube" and other structures should be considered at great length noting there is strong support for that and it is something unique about Sunnyvale.

Authority Member Moylan concurred that Authority Member Howe had a valid point that the CAC has been toiling away on this for the past two years and staff has pointed out time is short; so at this point to come up with another use option would involve a lot of risk. Authority Member Moylan stated this is the first time that Council in a public hearing had a chance to discuss this even though the CAC has been working on this for two years.

Authority Member Moylan stated that it is not the case that when you have a light-rail line you have to put jobs or housing. But it is the case that you should put something that will use it and will not overload the "Monster" intersection during commute hours. Authority Member Moylan stated there are three options that may or may not be feasible; the convention center option which has already been proven feasible by the City of Santa Clara. Authority Member Moylan agreed that the CAC made the correct decision believing that the convention center option as presented is inferior to the auto mall. Authority Member Moylan added that what Santa Clara did was far superior. That's an option that would use the light-rail and not during commute hours.

Authority Member Moylan stated there is a Hospital option, as Sunnyvale does not have its own hospital. He stated it would take advantage of the light rail and not during commute hours. Authority Member Moylan stated the third option would be a retail center to support the businesses. Authority Member Moylan stated that it is true that an auto dealership would also take advantage of mass transit at the site and not overload the intersection and also would take good advantage of the freeway access; but he stated he would prefer to quickly mobilize and look at some other more preferred options.

Authority Member Spitaleri stated he supports what the committee is recommending because the business community continually requests more and more housing. Authority Member Spitaleri stated by moving the auto mall to Onizuka this is a great opportunity to shape El Camino Real into the "Grand Boulevard" with a mixed use of housing and retail. Authority Member Spitaleri noted that if the auto mall recommendation is unacceptable, ultimately the decision lies with the Air Force. They can do whatever they want with that land and what Sunnyvale is attempting to do is have a say on what goes in there, whether it's an auto mall generating more sales tax revenue for the City or if it's a mixed use opportunity. Authority Member Spitaleri explained two years have gone by and this timeline is very tight with the City having previously extended it.

Authority Member Spitaleri stated there is no guarantee that Sunnyvale will get anything and contrary to citizen's beliefs, the City does not control the property. Authority Member Spitaleri added the City needs to accommodate the homeless and the veterans or else the Air Force could be in a position to sell the property.

Authority Member Otto Lee confirmed with Project Manager Switzer the inclusion of the Heritage Preservation Commission recommendation that the re-use plan should also include a recommendation to confirm the historical significance of the site, present buildings, and measures to commemorate the site's significance. Authority Member Otto Lee confirmed that there is inclusion of recognition of the importance of the "Blue Cube" and of the base itself.

Authority Member Whittum confirmed with staff the City has control over zoning and uses. Authority Member Whittum stated that if the Air Force so chose to auction the site, the use would need to be zoned correctly with the City. Authority Member Whittum cited the example that if the City chose to zone the site agricultural only agricultural would be allowed there. Director Hom agreed that the City does have zoning control and the current land use is allowed for office space. Director Hom added but what is being proposed here is the ability through the economic development conveyance and business plan to explore the auto center option more proactively.

Authority Chair Swegles stated that Sunnyvale is facing a swiftly approaching deadline which Council is attempting to address. Authority Chair Swegles confirmed that the City has already asked for two deadline extensions and has been granted \$300,000. Chair Swegles stated the City has gone as far as it can go without asking for special concessions, with the bottom-line being that it is unsure that the Air Force would be willing to make another concession.

Assistant City Manager Walker stated if the City is granted an extension, there is a good sense from the OEA (The Office of Economic Adjustment) they are not likely to give Sunnyvale any additional funding; therefore, funding will be an issue for any further exploration of re-use alternatives. Assistant City Manager Walker stated if the City were to go back to the DOD now and ask for an extension because the City wants to look at options that haven't been looked at for the last two years; and are different than the options the CAC recommended; and are different than the preferred options that the LRA has actually itself approved back in March of 2007 is highly unlikely.

Authority Member Whittum inquired as to the options if Juniper Networks does not grant the City use of Innovation Way. Director Hom responded staff is at the initial discussions with Juniper on this issue, but at this time there hasn't been a definitive "No" that they are not willing to negotiate. Director Hom concluded this is an on-going discussion that will need to continue to feasibly resolve the access of Innovation Way.

Authority Chair Swegles stated the City will go forward with the motion that has been made and stated he believes it is the right thing to do at this time.

VOTE: 5-2 (Councilmembers Whittum and Moylan dissented)



**INFORMATION ONLY REPORTS/ITEMS**

- Onizuka Local Redevelopment Authority (LRA) Study Session Summary of November 18, 2008

**ADJOURNMENT**

Authority Chair Swegles adjourned the Onizuka Local Redevelopment Authority Meeting at 10:13 p.m.

\_\_\_\_\_  
Kathleen Franco Simmons  
Authority Clerk

\_\_\_\_\_  
Date